

Further Information on Article 42  
Funding Options

**Mortgage options for financing this project:** Income from Section 8 rents or a combination including market value apartments will cover the expenses of this acquisition. The acquisition of Echo Village is an investment, which would see a return after fulfillment of a 10yr or a 15yr mortgage.

Current mortgage (held by former owner, Jerry Gates):	<b>\$1,850,000</b>
<b>Current Assessed Value (wording from property card):</b>	
Appraised Bldg. Value (Card):	<b>\$1,624,200</b>
Appraised Land Value (Bldg):	<u><b>\$171,200</b></u>
<b>Net Total Appraised Parcel Value:</b>	<b>\$1,795,400</b>

The existing type of Affordable Rental Income (Section 8 HCVP) would be sufficient to finance mortgage payments, operational and management expenses. (These figures show the minimum estimated revenue possible. A combination of multiple levels of affordability can produce a higher annual revenue.)

Bedroom Size	Est. Monthly Rent	Quantity Of Units	Total Est. Monthly Revenue <sup>2</sup>	Total Est. Annual Revenue <sup>2</sup>
2 BR	\$1000	10	\$10,000	\$120,000
3 BR	\$1250	7	\$8,750	\$105,000
4 BR	\$1411	7	\$9,877	\$118,524
<b>Total</b>		24 Units	<b>\$19,627</b>	<b>\$343,524</b>

<b>Annual Expected Minimum Gross Rental Revenue</b>	<b>\$343,524</b>
<b>Estimated Operating Expenses</b>	<b>-\$107,000<sup>1</sup></b>
<b>Unanticipated Expenses</b>	<b>-\$20,000</b>
<b>Current Real Estate Taxes</b>	<b>-\$41,163<sup>1</sup></b>
<b>Anticipated Annual Net Revenues</b>	<b>\$175,361</b>

**\$375,000±** We are proposing that CPA Committee recommend funding, with a 10yr Bond at 3% interest with consideration of repayment from the project.

\$375,000 with a 3% Interest Rate

Year	1	2	3	4	5	6	7	8	9	10
3% Int. Rate	\$11,250	\$10,125	\$9,000	\$7,875	\$6,750	\$5,625	\$4,500	\$3,375	\$2,250	\$1,125
Total	\$48,750	\$47,625	\$46,500	\$45,375	\$44,250	\$43,125	\$42,000	\$40,875	\$39,750	\$48,625

<sup>1</sup> Figures courtesy of Principal Assessor  
<sup>2</sup> Based on 2013 Amherst Section 8 Payment Standards and 2011 Western MA Utility Allowances

Overall total: \$436,875

State Monies for 85% to be potential funding sources based on Department of Housing and Community Development (DHCD) and the Qualified Allocation Plan (QAP), for obtaining mortgages to compensate landowner

**Up to \$400,000±** 4% Low Income Housing Tax Credit (LIHTC) Acquisition of Echo Village Apartments meets at least 3 of the 4 priority categories

**Up to \$750,000** HOME Investment Partnerships Program (CDBG funds provided each year by HUD)

**Up to \$1,000,000** Affordable Housing Trust Fund (AHTF)

**Up to \$1,000,000** Housing Stabilization Fund (HSF) is a state funded bond program

Any Other Private Funding Sources will also be explored including the possibility of purchasing the property subject to the present mortgage held by Jerry Gates.

**FYI:**  
**A family or individual that falls within these income levels (low-moderate) qualify for Section 8 voucher payments.**

**Amherst, MA - FY 2013 Section 8 Income Limits Summary**

<b>Median Income</b>	<b>FY 2013 Income Limits</b>	<b>1 Person</b>	<b>2 Person</b>	<b>3 Person</b>	<b>4 Person</b>	<b>5 Person</b>
<b>\$66,100</b>	<b>Low (80%) Income Limits</b>	\$45,100	\$51,550	\$58,000	<b>\$64,400</b>	\$69,600
	<b>Very Low (50%) Income Limits</b>	\$28,700	\$32,800	\$36,900	<b>\$40,950</b>	\$44,250
	<b>Extremely Low (30%) Income Limits</b>	\$17,200	\$19,650	\$22,100	<b>\$24,550</b>	\$26,550

The new rents under Eagle Crest:

2 BR - **\$1250**

3 BR - **\$1850**

4 BR - **\$2400**

Additional answers to Janet McGowan's questions:

“How much does (Echo Village) pay in taxes right now?: Currently the parcels involved pay taxes of **\$41,163** based on a rate of \$20.39 for FY 2013. If this property fell under the AHA and we entered a PILOT (Payment in Lieu Of Taxes) for the property they would pay \$100/bed plus half the tax rate or \$110.20/bed for FY 2013 approximately or **\$7,273.20 based on 2013.**”

David Burgess

'Responses to questions from the Finance Committee to Town staff' handout

“How much would it pay in taxes if it became an Amherst Housing Authority property?

How much if affordable-housing restrictions were placed on it?

The amount of taxes from a new development will depend on a lot of factors, including the rental income it generates and whether there are recognized affordability restrictions.”

Sandy Pooler

'Responses to questions from the Finance Committee to Town staff' handout